

# A N N U A L R E P O R T



1 9 5 7

THE GOODYEAR TIRE & RUBBER COMPANY OF CANADA, LIMITED

FOR FORTY-THREE CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

# **A N N U A L R E P O R T**

**TO THE SHAREHOLDERS**

**THE GOODYEAR TIRE & RUBBER**

**COMPANY OF CANADA • LIMITED**

**NEW TORONTO • ONTARIO**

**FOR THE FISCAL YEAR ENDED DECEMBER 31 1957**





*Goodyear's new "Captive-Air" tire marks another major advance in motoring safety. The "Captive-Air" has two air chambers with the inner chamber a "spare" of two-ply nylon cord construction. On "Captive-Air" tires, a motorist can continue driving safely for 100 miles or more after a puncture or blowout without danger of swerving out of control or stopping for repairs on busy thoroughfares.*

## **GENERAL OFFICES**

NEW TORONTO, ONT.

## **FACTORIES**

NEW TORONTO, ONT.

BOWMANVILLE, ONT.

QUEBEC CITY, QUE.

## **COTTON PLANT**

ST. HYACINTHE, QUE.

## **BRANCHES**

MONCTON, N.B.

607 St. George St.

QUEBEC, QUE.

1225 Charest Blvd.

MONTREAL, QUE.

2050 Côte de Liesse Road

TORONTO, ONT.

622 Fleet St. West

LONDON, ONT.

1700 Dundas St. E.

WINNIPEG, MAN.

Sargent Ave. and Madison St.

REGINA, SASK.

2410 Dewdney Ave.

SASKATOON, SASK.

302 Pacific Ave.

CALGARY, ALTA.

238-11th Ave. East

EDMONTON, ALTA.

10355-105th St.

VANCOUVER, B.C.

2625 Rupert St.

## **WHOLESALE DISTRIBUTORS**

HALIFAX, N.S.

Maritime Accessories Limited, Sackville and South Park Sts.

ST. JOHN'S, NFLD.

A. E. Hickman Company Limited



## BOARD OF DIRECTORS

P. W. LITCHFIELD, *Chairman*, AKRON

R. C. BERKINSHAW, C.B.E., TORONTO

A. DEANE NESBITT, O.B.E., D.F.C., MONTREAL

P. E. H. LEROY, AKRON

E. J. THOMAS, AKRON

A. W. DENNY, TORONTO

H. G. HARPER, TORONTO

## OFFICERS

R. C. BERKINSHAW, C.B.E., *President and General Manager*

A. W. DENNY, *Vice-President*

H. G. HARPER, *Vice-President*

R. W. RICHARDS, *Vice-President*

C. B. COOPER, *General Sales Manager*

D. C. CARLISLE, *Treasurer*

K. E. KENNEDY Q.C., *Secretary and General Counsel*

J. G. WILLIAMS, *Comptroller*

J. W. PHILP, *Assistant Treasurer*

G. G. MERRITT, *Assistant Treasurer*

A. E. ROBINETTE, *Assistant Secretary*

C. W. J. EVANS, *Assistant Comptroller*

W. N. FERGUSON, *Assistant Comptroller*

# ANNUAL REPORT OF THE DIRECTORS

## TO THE SHAREHOLDERS:

The consolidated balance sheet of the Company and its subsidiaries as of December 31 1957 and the consolidated statements of profit and loss and earned surplus showing the results of operations for the year, together with the report of the Company's auditors, Price Waterhouse & Co., are submitted herewith.

The consolidated net income for the year amounted to \$4,420,954 or \$16.07 per common share, as compared with \$6,222,804 or \$23.06 per common share for the year 1956. These results compare favourably with past years with the exception of the record year of 1956. The reduction from last year is due primarily to a substantial decrease in sales of our products to the automotive industry and to lower selling prices in a highly competitive market.

Common stock dividends, totalling \$6.00 per share and amounting to \$1,543,560 were paid during the year. Regular quarterly dividends totalling \$2.00 per share were paid on the 4% preferred shares.

Earnings for the year retained and used in the business amounted to \$2,590,930.

Capital expenditures during the year for expansion, improvements and replacements of property, totalled \$4,195,419 and depreciation amounted to \$2,550,939.

Working capital increased by \$990,276 to \$27,418,942 as a result of the year's operations and the ratio of current assets to current liabilities is 6.7 to 1 compared with 4.0 to 1 at the end of 1956.

Inventories of raw materials, work in process and finished goods have been thoroughly reviewed and have been valued on the basis of the lower of average cost or market except in the case of unprocessed rubber on hand or in transit which, in accordance with the Company's practice, was valued at cost as determined by the last-in, first-out method of accounting.

To maintain the coverage of the Company's pension, hospitalization and related benefits, and group insurance plans, there is included in the attached consolidated profit and loss statement a charge to income of \$926,000.

In addition, and pursuant to negotiations with the labour unions during 1957, Supplemental Unemployment Benefit Plans were made effective at the New Toronto and Bowmanville plants. Within the limits prescribed by these plans, the Company is making contributions to Trust Funds established for this purpose at the rate of 3¢ for each hour for which employees in the bargaining units are paid.



Taxes of all kinds provided in 1957 totalled \$8,234,000, equivalent to \$32.01 per share of issued common stock, as compared with \$11,264,000 or \$43.78 per share in 1956.

The volume of sales of your Company's products reflected the slowing down of the Canadian economy during the year. Prices were under pressure from the competitive conditions prevailing in the industry and profits were adversely affected by increased manufacturing and distribution costs.

During the year your Company started production of the new "Captive-Air" tire which was first introduced to the Canadian market in 1956. The "Captive-Air" has two air chambers and is literally two tires in one. The inner air chamber is formed by a tire of two-ply 3-T nylon cord and the outer chamber is of regular 3-T nylon tire construction. The "built-in spare" of the "Captive-Air" tire eliminates the dangers of roadside repairs on busy highways and throughways. If a puncture occurs a driver may continue safely at normal highway speeds till he reaches a service station or other suitable repair area.

Two interesting applications of your Company's products helped contractors on the St. Lawrence Seaway project maintain construction schedules despite many unforeseen problems. In one case Goodyear provided special hose for use in jet flame drilling, a process developed to overcome the difficulties in drilling the exceptionally hard silicate rock found in the Seaway area.

The problem of mixing concrete and transporting it in large quantities to pouring sites was solved by a flexible conveyor system. The dry materials were moved to the cement mixers and from there the cement carried to the various construction sites to be poured directly from the belts.

Two major expansion projects were completed during the year. At the New Toronto plant, a new tread extruder was placed in operation and a new double-decked 84" conveyor belt curing press was installed at the Bowmanville factory. In both cases additional space was constructed.

During the year plans were completed for the construction of a new central warehouse to meet the service requirements of the growing Canadian market. This new warehouse will eliminate many of the warehousing problems already facing your Company as well as provide for the needs of increasing sales volume in the years ahead.

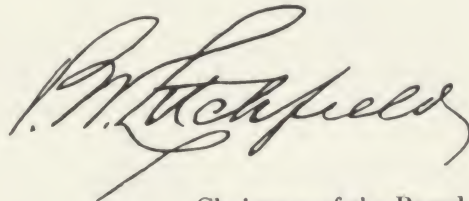
Despite the economic difficulties facing Canada at this time your Directors believe that the present situation is of a temporary nature and that Canada can confidently expect a new period of economic expansion and prosperity in the near future. The economic prospects of our country, as outlined in the Gordon Commission reports, have not changed. Confidence in our ability to meet the problems of inflation and



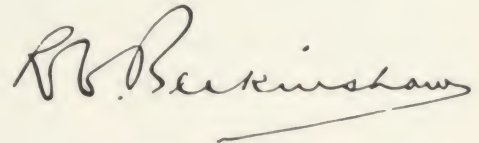
economic adjustments as they may arise in our normal growth pattern is essential, however, if we are to achieve the bright promise of our future.

We extend our thanks to the 4,400 employees of the Company for their conscientious endeavours on the Company's behalf in the offices, in the factories and in the field; to our dealers across the country for their loyalty and co-operation and to our shareholders for their continued interest and support.

On behalf of the Board,

A handwritten signature in dark ink, appearing to read "J. M. Litchfield". The signature is fluid and cursive, with a long horizontal stroke at the end.

Chairman of the Board

A handwritten signature in dark ink, appearing to read "R. B. Beckinslow". The signature is cursive and includes a horizontal line underneath the name.

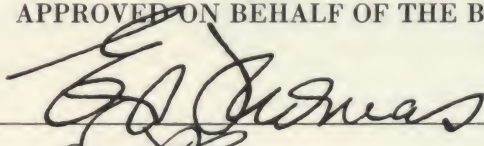
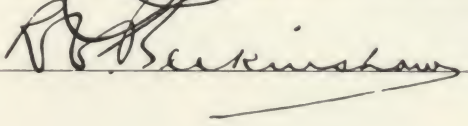
President and General Manager

February 12 1958.

# THE GOODYEAR TIRE & RUBBER COMPANY OF

## CONSOLIDATED

### ASSETS

	December 31 1957	December 31 1956
<b>CURRENT ASSETS:</b>		
Cash.....	\$ 711,783	\$ 708,476
Accounts receivable, less provision for bad debts—1957— \$518,022; 1956—\$539,596.....	8,527,754	9,566,787
Inventories at cost (partly last-in, first-out) or market which- ever is lower.....	23,020,107	25,029,095
<b>TOTAL CURRENT ASSETS.....</b>	<b>32,259,644</b>	<b>35,304,358</b>
<b>INVESTMENTS AND OTHER ASSETS:</b>		
Mortgages, agreements of sale, etc.....	896,170	795,688
Deferred charges to future operations.....	234,694	238,234
	<b>1,130,864</b>	<b>1,033,922</b>
<b>PROPERTY ACCOUNTS:</b>		
Land, buildings, machinery and equipment at cost.....	42,080,465	38,997,333
Less—Depreciation.....	29,602,837	27,940,417
	<b>12,477,628</b>	<b>11,056,916</b>
<b>APPROVED ON BEHALF OF THE BOARD:</b>		
 Director		
 Director	<b>\$45,868,136</b>	<b>\$47,395,196</b>



# CANADA, LIMITED AND SUBSIDIARY COMPANIES

## BALANCE SHEET

### LIABILITIES

	December 31 1957	December 31 1956
<b>CURRENT LIABILITIES:</b>		
Accounts payable and accrued liabilities.....	\$ 3,590,415	\$ 5,377,915
Accrued income and other taxes payable.....	1,178,665	3,425,325
Preferred stock dividend payable.....	71,622	72,452
<b>TOTAL CURRENT LIABILITIES.....</b>	<b>4,840,702</b>	<b>8,875,692</b>
 <b>SHAREHOLDERS' EQUITY:</b>		
Capital Stock:		
Four per cent. Cumulative Redeemable Sinking Fund Preferred Shares (par value \$50 per share; redeemable on call at \$53 per share):		
Authorized and outstanding—1957—143,244 shares; 1956—144,904 shares.....	7,162,200	7,245,200
Common shares, no par value:		
Authorized—290,660 shares; issued—257,260 shares....	128,630	128,630
Capital Surplus.....	692,350	692,350
Reserve for Contingencies.....	1,000,000	1,000,000
Earned Surplus.....	32,044,254	29,453,324
	41,027,434	38,519,504
	<u>\$45,868,136</u>	<u>\$47,395,196</u>

## CONSOLIDATED PROFIT AND LOSS STATEMENT

	Year ended December 31	
	1957	1956
Profit from operations before providing for depreciation and income taxes.....	\$10,343,051	\$14,368,471
Income from investments.....	54,853	45,207
	<u>10,397,904</u>	<u>14,413,678</u>
Deduct:		
Provision for depreciation.....	2,550,939	2,512,595
Provision for income taxes.....	3,426,011	5,678,279
	<u>5,976,950</u>	<u>8,190,874</u>
Net profit for the year.....	<u>\$ 4,420,954</u>	<u>\$ 6,222,804</u>

## CONSOLIDATED EARNED SURPLUS STATEMENT

	Year ended December 31	
	1957	1956
Balance at beginning of year.....	\$29,453,324	\$25,062,746
Net profit for the year.....	4,420,954	6,222,804
	<u>33,874,278</u>	<u>31,285,550</u>
Deduct:		
Dividends:		
On four per cent. preferred shares.....	286,464	288,666
On common shares.....	1,543,560	1,543,560
	<u>1,830,024</u>	<u>1,832,226</u>
Balance at end of year.....	<u>\$32,044,254</u>	<u>\$29,453,324</u>

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. The accounts receivable at December 31 1957 include \$514,378 due from affiliated companies and an amount of \$762,824 due to affiliated companies is included in accounts payable. These balances represent current accounts arising in the normal course of business.
2. Rentals payable under leases expiring more than three years from December 31 1957, aggregate approximately \$440,000 annually.



# A U D I T O R S ' R E P O R T

PRICE WATERHOUSE & CO.

55 YONGE STREET  
TORONTO 1

January 24 1958

To the Shareholders of

THE GOODYEAR TIRE & RUBBER COMPANY  
OF CANADA, LIMITED:

We have examined the consolidated balance sheet of The Goodyear Tire & Rubber Company of Canada, Limited and its subsidiary companies as at December 31 1957 and the related consolidated statements of profit and loss and earned surplus for the year ended on that date. Our examination was made in accordance with generally accepted auditing standards, and accordingly included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion, the accompanying consolidated balance sheet and related consolidated statements of profit and loss and earned surplus present fairly the consolidated financial position of the companies as at December 31 1957 and the results of their operations for the year ended on that date, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

*Price Waterhouse Co.*  
Chartered Accountants.

## GOODYEAR SERVES CANADA

There is constant change in the requirements of the Canadian market for rubber products. Your Company meets this challenge through the development of new and improved products and by Goodyear technical service men working with our customers to solve a wide variety of production problems in the mine, mill, manufacturing and construction industries.

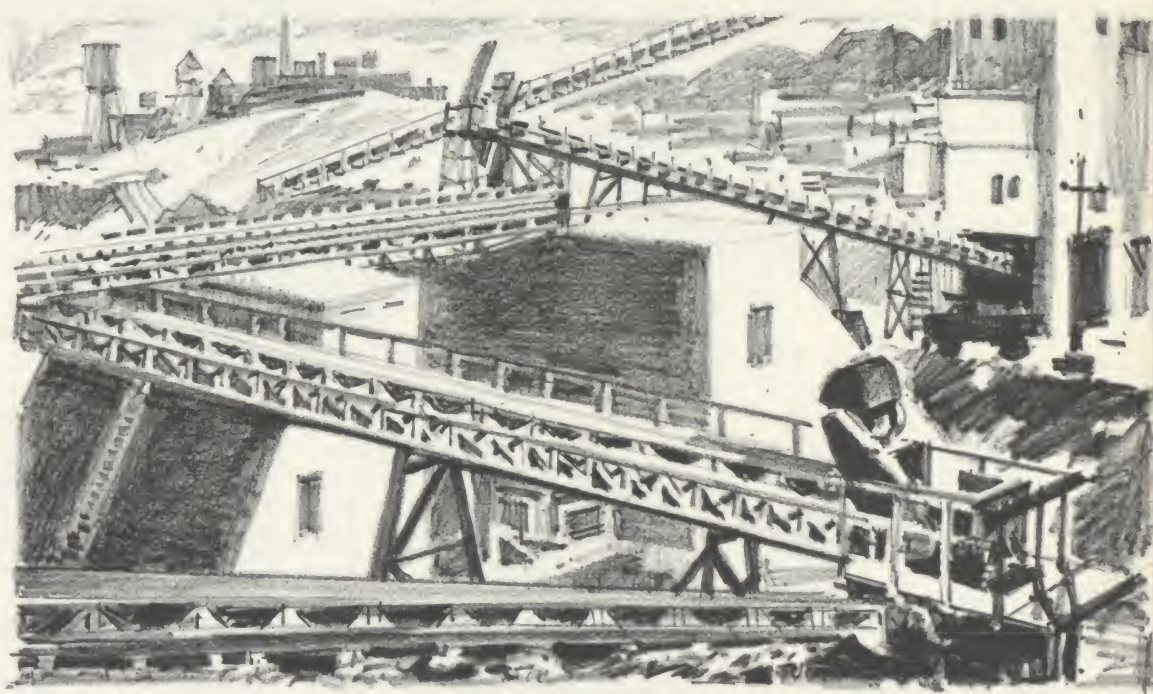
A major problem in motoring safety has arisen in recent years due to the increased density and speed of traffic on busy thoroughfares. Today, a roadside stop to change a tire can be extremely hazardous. To eliminate this hazard and also the dangers of swerving or loss of control following a blowout, Goodyear developed the new "Captive-Air" tire.

The "Captive-Air" also marks a major step towards the elimination of the need for a spare tire, long a desire of automobile designers attempting to provide more space for luggage or passengers in automobiles. Two automobile companies in Canada have already offered station wagon models equipped with only four "Captive-Air" tires as standard equipment.

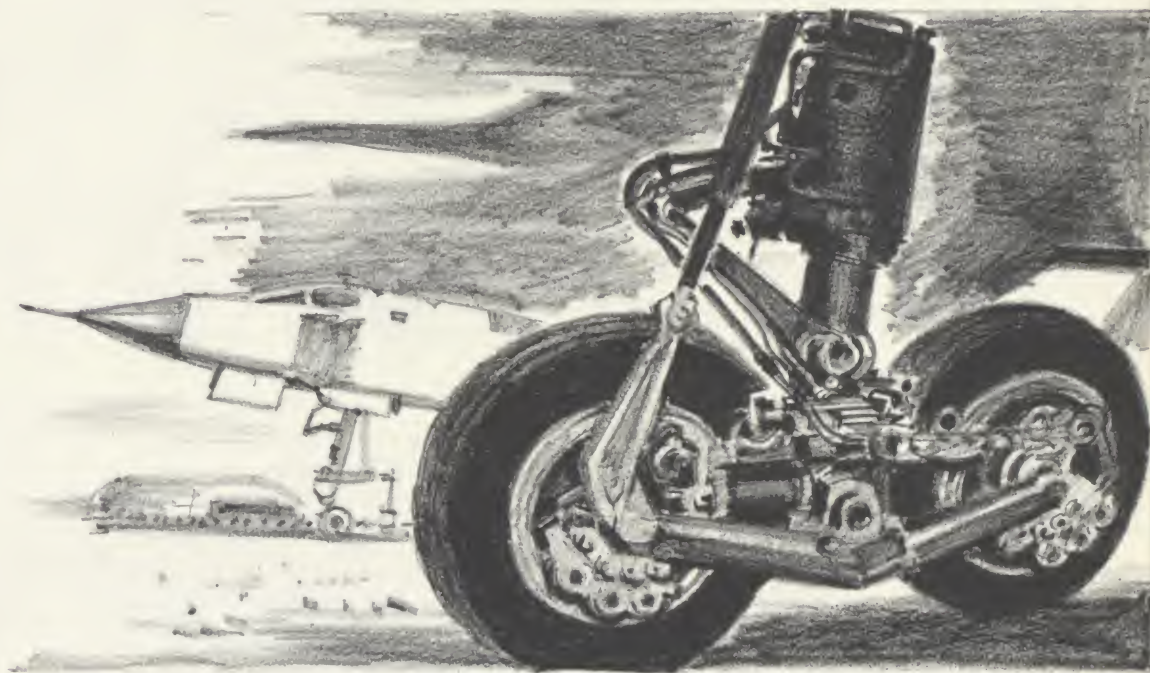
The "Captive-Air" tire has two air chambers. The inner chamber of 2-ply nylon cord construction contains an independent air supply and even if the outer chamber becomes deflated through damage to the outer tire, a driver may continue at normal highway speeds for 100 miles or more, if necessary, to reach a service station or other safe repair area. Both the inner and outer air chambers are constructed with Goodyear's patented 3-T nylon cord, a fabric tempered by time, temperature and tension.

For the construction work on the St. Lawrence Seaway Goodyear technical men helped design a belt conveyor system to move thousands of tons of cement over otherwise impassable terrain to the construction site of a large canal lock. For the first time in Canada a flexible conveyor system was developed to move dry materials to the mixing mill and the





*On the St. Lawrence Seaway a unique application of a belt conveyor system moved dry materials from stockpiles to a cement mixing mill and the cement to the construction site of a huge canal lock.*



*Goodyear supplied the wheel, brake and tire assemblies for Canada's new Avro "Arrow", designed to be the world's fastest fighter aircraft.*



## SERVING CANADIAN INDUSTRY

prepared cement to the construction site for pouring directly into the building forms.

Also on the Seaway, Goodyear supplied a special type of hose for jet flame drilling of blasting holes in the hard silicate rock prevalent in the St. Lawrence Seaway area. Jet flame drilling burns blast holes in the hardest rock formations up to twelve times faster than any other method. The hose, with special heat and abrasion resistant qualities, delivers fuel to the flame driller.

At Avro Aircraft Ltd. a Goodyear rubber press pad weighing nearly 2 tons, is installed as a die in a huge hydraulic forming press used to shape precision aircraft components. The sheet aluminum is placed over male dies and the rubber pad, under 15,000 tons pressure, forces the metal to conform to shape. Goodyear also supplies the wheel, brake and tire assemblies for the new Avro "Arrow", designed to be the world's fastest fighter aircraft.

Goodyear products and Goodyear service engineers are to be seen at all major construction projects across Canada. Huge earthmover tires, hard rock lug tires and other types designed to overcome a variety of conditions faced by the construction and transport industries continue to enjoy a high reputation for performance and value.

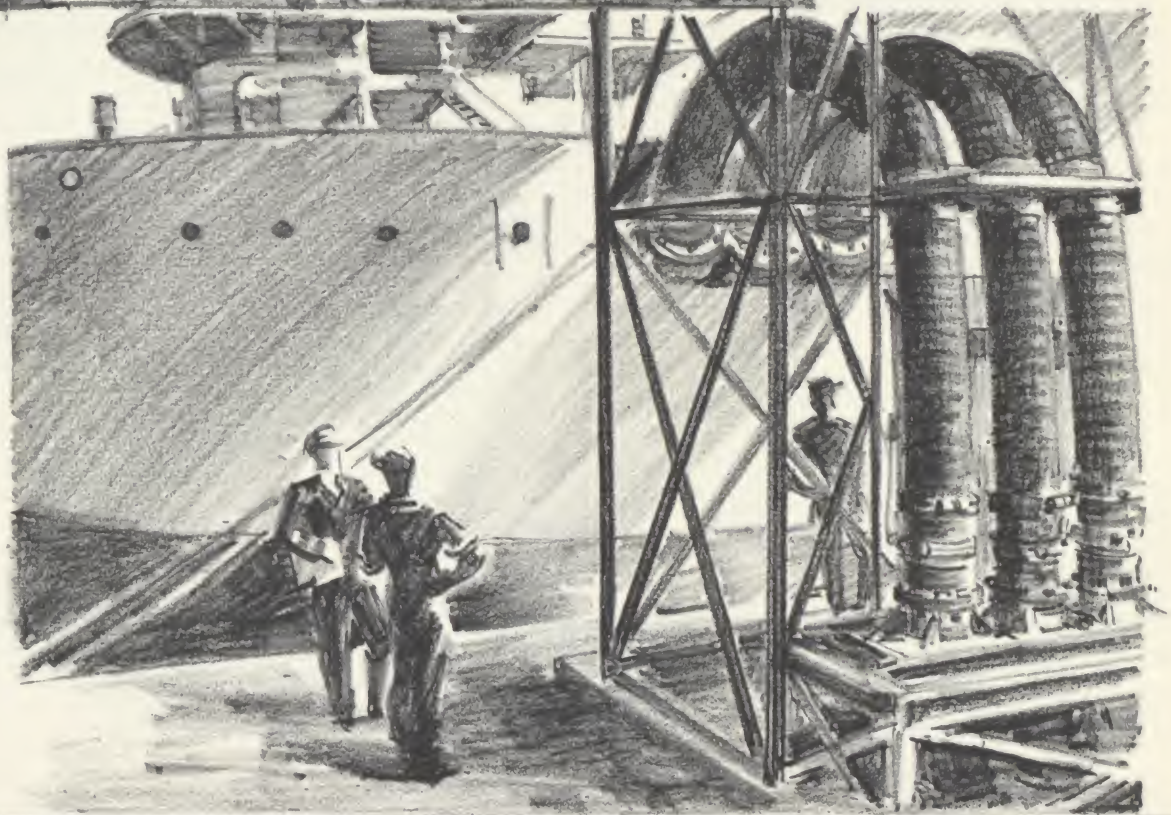
Goodyear products are at work on a host of other jobs too. Tough flexible Diversipipe, for example, has filled an urgent need for a method to move bulk materials easily and safely even though they may have corrosive or abrasive characteristics. A typical Diversipipe installation is one at a Toronto cement plant where an entire ship's cargo of powdered cement is now unloaded in only a few hours.

These new rubber products and applications are just a few of the many outstanding examples of Goodyear's leadership . . . in initiative, research and development in the field of rubber technology.





*Giant scrapers, equipped with rugged Goodyear tires gouge out tons of earth and rock as construction of the Trans-Canada Highway moves towards completion.*



*Bulk cargoes, including abrasive or corrosive materials can be transferred quickly and safely through Goodyear's new tough and flexible Diversipipe.*



**THE GREATEST NAME IN RUBBER**



**TIRES**

**TUBES**

**LIFEGUARD SHIELDS**

**BATTERIES**

**AUTOMOTIVE ACCESSORIES**

**BELTING**

**HOSE**

**PACKING**

**MOLDED GOODS**

**AIRFOAM \***

**PLIOFILM \***

**PLIOBOND \***

**PLIOLITE \***

**AVIATION PRODUCTS**

**NEOLITE \***

**RUBBER SOLES AND HEELS**

**\* Registered Trademark**



FOR FORTY-THREE CONSECUTIVE YEARS IT HAS BEEN TRUE



MORE PEOPLE RIDE ON GOODYEAR TIRES THAN ON ANY OTHER KIND

